

VZCZCXRO1246  
RR RUEHCHI RUEHDT RUEHHM RUEHNN  
DE RUEHBY #1111/01 3080350  
ZNY CCCCC ZZH  
R 030350Z NOV 08  
FM AMEMBASSY CANBERRA  
TO RUEHC/SECSTATE WASHDC 0462  
INFO RUCNASE/ASEAN MEMBER COLLECTIVE  
RUEHBJ/AMEMBASSY BEIJING 9231  
RUEHKO/AMEMBASSY TOKYO 3269  
RUEHWL/AMEMBASSY WELLINGTON 5499  
RUEHPE/AMEMBASSY LIMA 0424  
RUEHPB/AMEMBASSY PORT MORESBY 1922  
RUEHUL/AMEMBASSY SEOUL 9603  
RUEHBAD/AMCONSUL PERTH 4007  
RUEHBN/AMCONSUL MELBOURNE 5736  
RUEHDN/AMCONSUL SYDNEY 3945  
RUEHBS/USEU BRUSSELS  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC  
RUEATRS/DEPT OF TREASURY WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 03 CANBERRA 001111

NOFORN  
SIPDIS

STATE PLEASE PASS USTR/BELL AND USDA

E.O. 12958: DECL: 11/03/2018

TAGS: [ETRD](#) [ASEAN](#) [AS](#)

SUBJECT: DAUSTR BELL'S AUSTRALIA MEETINGS: TPP, WTO, AND  
FTAS

REF: CANBERRA 903

CANBERRA 00001111 001.2 OF 003

Classified By: Acting Econcouns W Albright, reasons 1.4 (B) and (D)

¶1. (C) Summary. DAUSTR Doug Bell visited Canberra October 19-21 for meetings with Australian trade officials and to discuss the Trans-Pacific Partnership (TPP). Australia has begun its internal processes to gain formal approval for joining the TPP, which should be concluded by the end of the year. An adviser to Trade Minister Simon Crean said Crean is interested in exploring the possibility of a WTO ministerial at the end of the year to hammer out modalities. The GOA remains pessimistic about prospects for concluding FTAs with Japan and China. End Summary.

¶2. (SBU) Deputy United States Trade Representative Doug Bell met with the full range of senior Australian trade officials in Canberra October 20-21, focusing on the Trans-Pacific Partnership and our bilateral trade relations. Bell met with George Mina, Adviser to Trade Minister Simon Crean, and at the Department of Foreign Affairs and Trade (DFAT) with Deputy Secretary David Spencer, Tim Yeend (First Assistant Secretary, Office of Trade Negotiations), Bill Tweddell (First Assistant Secretary, Americas Division), Ric Wells (Head, China FTA Task Force and Japan Task Force), and Michael Mugliston (Head, Asia Trade Task Force).

#### TRANS-PACIFIC PARTNERSHIP

¶3. (C/NF) Bell, making his first visit to Canberra since assuming the Australia portfolio, briefed on current progress in the Trans-Pacific Partnership (TPP), following up on USTR's October 17 meeting with David Spencer in Singapore on the margins of an APEC meeting. Spencer and Yeend said the GOA was making progress on its internal procedures to formally join the TPP process. Mid-December was the latest they expected to have final approval. However, Spencer said he thought it would be good if Australia and Peru could both announce they are joining the TPP during the APEC Leaders Meeting in Lima in late November; the GOA will try to meet that deadline. Politically, Spencer said, Australia has "no problem" in agreeing to join the TPP; it is seen as

"strategically sensible." He said that some other GOA agencies had raised the practical concern of having to manage "another resource-intensive FTA", but Spencer said this would not stop them from agreeing. (Spencer also pressed Bell on the November 15 financial summit, urging the US to invite all G-20 members; septel.)

14. (C/NF) Organizationally, Yeend said TPP falls into his portfolio in the Office of Trade Negotiations. Consultations among other GOA agencies are already underway. The US decision to join was key for Australia, which had been watching the P4 and thought it was a "good place to start". He sees this as great opportunity; a quality TPP FTA could be a real building block to broader regional economic integration, possibly a path to FTAAP. Yeend said TPP could allow Australia to stop conducting bilateral FTA negotiations by directing interested parties to the TPP instead. Yeend noted the P4 agreement is good but has some deficiencies, such as a very short chapter on IP. Bell noted the US had Qsuch as a very short chapter on IP. Bell noted the US had done detailed analysis of the existing TPP covering issues like rules of origin, IP, and market access and told the P4 that if the US was to join in, work to upgrade parts of the P4 agreement would be needed; the P4 agreed.

#### OTHER ISSUES

15. (SBU) In meeting with the Americas Division, in addition to discussing the TPP, Bell flagged US interest in cooperating with Australia on illegal logging, noting the US program in Indonesia and the Australian program in Papua New Guinea. First Assistant Secretary Bill Tweddell thought greater cooperation on this made good sense. Bell also stressed US interest in the Australian government review of its quarantine arrangements which is expected out shortly,

CANBERRA 00001111 002.2 OF 003

and said we would follow it closely and be interested in discussing in the future.

#### WTO

16. (SBU) In a meeting with Trade Minister Crean's adviser George Mina, Mina urged the US to consider a ministerial meeting on modalities in between the late November Indian elections and the seating of the new US Congress in early January. Mina said Crean thought progress could be made that would make it clear the Doha Round is still viable. He also urged the US to be more open on agricultural reforms for the "demonstration effect" it could have on countries such as Japan. Mina said Crean was positive on the TPP, and thought it represented "the most viable" path to an eventual FTAAP.

#### JAPAN

17. (C/NF) Ric Wells, the head of the FTA Task Forces for both China and Japan, was pessimistic about both. Wells said he has a "jaundiced view" after 18 months of negotiating with Japan, where good progress has been made on goods market access but no progress at all has been achieved on agriculture - and Wells can't imagine how any movement on agriculture will be forthcoming without sweeping changes in Japan's Ministry of Agriculture, Forestry, and Fisheries (MAFF). Wells admitted that Australia may not have clearly thought through the prospects when FTA negotiations were proposed. The GOA's positive experiences in negotiating its earlier FTAs with the US, Thailand, and Singapore may have led them to be overly optimistic about prospects with Japan. He noted that political considerations may have been a factor in deciding to proceed on both sides. In any case, Japan was certainly aware that Australia and China were negotiating an FTA and was likely a factor in their thinking. METI and MOFA are serious about trying to find ways to resolve the FTA, but MAFF has given no ground at all. The initial Japanese offer excluded 80% of Australia's agricultural exports - "they didn't try at all". Now Australia is waiting for Japan's

elections, but Wells admitted that neither side really knows how to conclude this FTA.

¶8. (SBU) In response to Bell's question about non-tariff barriers in Japan, Wells said Australia's experience was different from that of the US. Agricultural NTBs have been a problem - but many Australian agricultural producers have developed new products specifically for the Japanese market that meet Japanese standards. Australian manufacturing exports to Japan have never been large, and Australia's services sector has "given up" on Japan (although the pension funds management sector, with extensive domestic experience, is trying to get into Japan) and is focused on China.

¶9. (C/NF) As for Japan and the TPP, Wells said it was hard to believe Japan would be seriously interested in participating in the TPP, given agriculture and the low quality of Japan's bilateral FTAs. It would take external pressure - for example, Korea joining - to overcome its reluctance and make Japan feel it has to "do something" to avoid being isolated. In general, it is a good time to push Japan; they are more aware that something has to change in their system. There is Qaware that something has to change in their system. There is more support in Japanese industry for reform, and an Australia-Japan FTA could be a channel for that. But again, MAFF "doesn't give a stuff", and remains focused on their main job, delivering votes to the ruling party.

¶10. (C/NF) On China, Wells noted there was interest on both sides in restarting talks, but he didn't see any prospect of immediate progress. Australia has given China a list of NTBs and is trying to negotiate on them. China is "being obdurate" and insists that NTBs and standards shouldn't be covered by an FTA. Wells touched on the issue of Chinese state-owned enterprises investing in Australia. There has been concern about that - but now, with the global financial turmoil, that is the only investment coming into Australia, so concerns have lessened. Overall, Australia is trying to

CANBERRA 00001111 003.2 OF 003

conclude as many FTAs in Asia as possible to preclude being excluded by the ASEANs from any new regional architecture.

MALAYSIA, ASEAN

¶11. (SBU) Bell and Michael Mugliston traded updates on the status of our respective FTA negotiations with Malaysia. Mugliston said Malaysian trade minister Muhyiddin and Simon Crean had agreed earlier in October to resume talks. DFAT trade consultant Phil Sparkes noted that Malaysia has a poor track record in actually concluding FTAs.

¶12. (SBU) Mugliston described the economic cooperation MOU that will be signed at the same time as the Australia-New Zealand-ASEAN (AANZFTA) in December (ref A). DFAT and AUSAID worked on an A\$20-25 million work program to help the ASEAN secretariat implement the provisions of AANZFTA. Malaysia has asked for similar assistance as part of the bilateral FTA, but they are not eligible for ODA from Australia. Mugliston suggested Bell speak to the New Zealand trade negotiators - they had a narrower focus than Australia in AANZFTA, and didn't push Malaysia much in negotiations.

MCCALLUM